



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Thursday, June 12, 2003

Grassley Praises Committee Passage of Medicare Drug Benefit, Rural Equity

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, tonight praised the committee’s historic passage of bipartisan legislation he co-authored to provide prescription drug coverage under Medicare and help fix Medicare’s unfairly low payments for health care in rural areas.

“Both parties have promised for years to add prescription drugs to Medicare,” Grassley said. “Today we took a key step toward delivery. I look forward to getting relief soon to the millions of people struggling to pay for prescription drugs on their own.”

The Grassley legislation – the product of lengthy bipartisan discussions and reflecting necessary compromises to secure support – offers prescription drug benefits for the nation’s 40 million Medicare beneficiaries for the first time. If enacted, the legislation will offer prescription drug coverage to be overseen by the government, offered through health care companies like those serving other Americans, and financed in part through government payments. The legislation is designed to harness the purchasing power of older Americans to bring down their costs.

“This means getting the private companies that want this business to work for it,” Grassley said. “It means giving older Americans more health care choices. If they like what they have, they can keep it. If they like a new option, they can take that. If they don’t like the new option, they can switch back to what they had before. That’s the way it works for federal employees. That’s the way it should work for people with Medicare. We’re not experimenting blindly. We’re having seniors follow a well-tested model.”

The committee passed the Grassley legislation on a strong vote of 16 to 5 with the underlying structure unchanged by senators’ successful amendments.

The Grassley legislation also helps to end Medicare’s historic discrimination against states that do more with less. Now, Medicare’s complex funding formula penalizes states such as Iowa for practicing cost-effective medicine, Grassley said. The penalty is an unfair reimbursement rate. Health care providers and hospitals in 30 rural states get less money back from Medicare for the same procedure performed in Florida or New York. This creates a disincentive for physicians to practice medicine in these states. It pinches an already razor-thin operating margin for vulnerable

hospitals. It hurts the quality of care in rural communities. “Today’s proposal addresses these inequities,” Grassley said. “It gets at the unfairness of paying the same Medicare payroll taxes as everybody else but getting a lot less in return.”

Grassley said he looks forward to full Senate consideration of the legislation next week and an eventual conference committee to work out differences on the issue with the House, which is working on its own Medicare prescription drug legislation. “This bill might not be all things to all senators, but it’s sure a lot better than what older Americans have right now. They have almost no prescription drug coverage under Medicare,” Grassley said. “Now we have a head start on catching up Medicare with the rest of the health care system.”